

Message Text

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ORIGIN PM-07

INFO OCT-01 ISO-00 COME-00 NEA-14 OMB-01 EB-11 NSC-07

LAB-06 CIAE-00 INR-11 NSAE-00 RSC-01 IGA-02 L-03

TRSE-00 AID-20 MC-02 ACDA-19 /105 R

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COMMERCE - MR. GARNITZ (SUBST)

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R 180038Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

USCINCEUR

INFO CNO WASHDC

USAMC ALEX

USAAVSCOM ST LOUIS

CARMISH MAAG TEHRAN

C O N F I D E N T I A L STATE 205033

E.O. 11652: GDS

TAGS:MASS, IR, US

SUBJECT:PROPOSED GOI HELICOPTER CO-PRODUCTION PROGRAM

REFS: (A) SECDEF MSG DSAA 201412Z JULY 74.

(B) CARMISH MAAG MSG ARCG 011331Z JULY 74.

(C) CARMISH MAAG MSG ARCG 291331Z JULY 74.

(D) CARMISH MAAG MSG, ARCG, 251331Z AUG 74.

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(E) OSD MEMO, DSAA-TS I-7631/74, AUG 74 (NOTAL).

1. THE USG HAS CONDUCTED A REVIEW OF THE CO-PRODUCTION ARRANGEMENT PROPOSED BY IRAN FOR THE 215/216 HELICOPTER. BECAUSE OF THE NATURE AND MAGNITUDE OF THE PROGRAM, WE CONSIDER IT IN BEST INTEREST OF US AND GOI TO EXECUTE A MEMORANDUM OF UNDERSTANDING (MOU) WHICH WILL SET FORTH US-GOI PROGRAM DEFINITION AND OBJECTIVES, POLICIES, PROCEDURES, AND SECURITY CONSIDERATIONS; MOU ALSO WILL DEFINE THE SCOPE AND LEVEL OF TECHNOLOGY TRANSFER TO IRAN AND THIRD COUNTRY TRANSFERS, INCLUDING SALE OR TRANSFER OF HELOS AND/OR MANUFACTURING EQUIPMENT AND KNOW-HOW. WE EXPECT TO PROVIDE YOU WITH MOU TEXT IN APPROXIMATELY THIRTY DAYS. THIS MOU WILL REFER ONLY TO CO-PRODUCTION OF THE 215 HELO.

2. CONCURRENT WITH SIGNING OF THE MOU, THE USG PLANS TO

ISSUE LETTERS OF OFFER FOR CO-PRODUCTION OF THE 215 HELO BY THE BELL COMPANY AND THE GOI. SCOPE OF EFFORT WILL BE TOTAL 215 DEVELOPMENT AND IN-COUNTRY CO-PRODUCTION EFFORT TO INCLUDE CONSTRUCTION OF MANUFACTURING FACILITIES AND CONTRACT MANAGEMENT.

3. THE USG ALSO IS PREPARED TO PROVIDE A LETTER OF OFFER FOR THE SALE OF THE 216 HELO ON AN FMS CASH BASIS. WE FORESEE VERY LARGE TECHNICAL, MANPOWER, AND MANAGERIAL PROBLEMS IN GETTING EFFICIENT PRODUCTION OF THE 215 UNDERWAY. THESE PROBLEMS WOULD BE GREATLY COMPOUNDED BY SIMULTANEOUS DEVELOPMENT OF THE 216 AND ITS MORE COMPLEX AND VARYING TECHNOLOGY. WE WANT TO INSURE TO MAXIMUM DEGREE POSSIBLE SUCCESSFUL AND EFFICIENT CO-PRODUCTION PROGRAM, THE MAINTENANCE OF THE HIGH REPUTATION OF U.S. WEAPONRY AND THE FULFILLMENT OF IRAN'S SECURITY NEEDS. DRAWING ON THE EXPERIENCE OF THE 215 PRODUCTION, WE SHALL KEEP 216 CO-PRODUCTION UNDER REVIEW.

4. AS A POSSIBLE ALTERNATIVE TO BELL 215 CO-PRODUCTION, WE ARE PREPARED TO ACCEED TO REQUESTS BY UTTAS CONTRACTORS AND OTHER AAH CONTRACTOR (HUGHES) TO DISCUSS POSSIBLE PROGRAMS WITH THE GOI. PRIOR TO APPROVAL OF AN UTTAS OR AAH PROGRAM, USG REVIEW WOULD BE NECESSARY. YOU MAY ASSURE
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GOI THAT WE ARE NOT DELAYING OUR IMPLEMENTATION PENDING OTHER CONTRACTOR ACTION. DIFFERENCES IN MANUFACTURING TECHNOLOGY COULD INFLUENCE THE SCOPE OF SUCH CO-PRODUCTION PROGRAMS.

5. IN THE INTEREST OF SOUND MANAGEMENT, WE INTEND TO DEVELOP THE PROPOSED 215 HELO PROGRAM ON A PHASED-APPROACH BASIS, CONSISTENT WITH THE GOI'S DESIRE FOR EARLY AVAILABILITY AND WITH APPROPRIATE BENCH MARKS FOR REVIEW OF EACH PHASE, PRIOR TO PROCEEDING WITH NEXT EFFORT. TECHNICAL

DETAILS WILL BE DEVELOPED BY ARMY. WE ARE MINDFUL OF GOI
URGENCY AND WILL ATTEMPT TO MINIMIZE DELAYS. THE GOI,
HOWEVER, MUST RECOGNIZE THE MAGNITUDE OF THE EFFORT IN-
VOLVED IN DEVELOPING A PROGRAM OF SUCH COMPLEXITY. WE ARE
MOTIVATED BY A SENSE OF PRUDENCE AND A DESIRE TO INSURE A
SUCCESSFUL PROGRAM WITHIN THE CONTEXT OF VARIOUS CO-PRODUC-
TION EFFORTS ENVISIONED BY THE SHAH. KISSINGER

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